

Medicaid Rate Adjustments

Department of Vermont Health Access
February 23, 2023

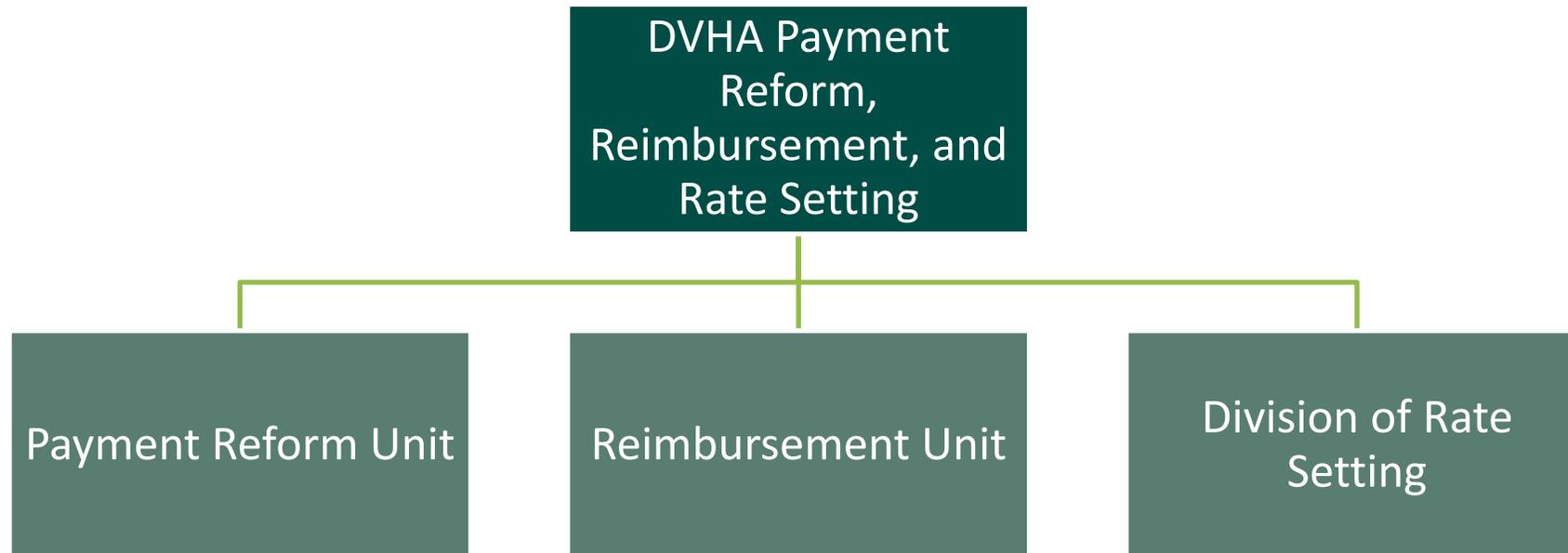
Outline

1. DVHA Reimbursement Goals, Resources, and Principles
2. DVHA Reimbursement Methodologies
3. Act 167 & Medicaid Rates as a Percentage of Medicare Rates
4. SFY 2024 Annual Medicaid Rate Adjustments

DVHA Reimbursement Goals

- To be a reliable and predictable payer partner
- To efficiently allocate resources to ensure access to cost-effective care for Medicaid members
- To identify opportunities to pay for value and enable delivery system transformation
- To support other AHS departments in developing or modifying reimbursement methodologies

DVHA Reimbursement Resources



DVHA Reimbursement Principles

- Establishing a predictable cycle for fee schedule and/or rate updates
- Aligning with Medicare methodologies (and rates) where possible
 - Medicare updates generally take into account changes in the cost of doing business, regional variation, and clinical guidelines
 - If Medicare does not reimburse for services, DVHA seeks alternative points of alignment (ex. Commercial rates, other state Medicaid program rates)
- Limiting the number of methodological exceptions
- Communicating about proposed changes with providers prior to implementation
- Incorporating proposed rate changes into the annual budgeting process

DVHA Reimbursement Methodologies

Medicaid Methodology (DVHA Budget)	Aligned w/ Medicare Methodology	Other Federal Methodology	On an annual update schedule
Hospital Inpatient Prospective Payment System	Yes		Every 4 years
Hospital Outpatient Prospective Payment System	Yes		Yes
Resource-Based Relative Value Scale (RBRVS) fee schedule <i>for professional services</i> [includes primary care]	Yes		Yes
Federally Qualified Health Center (FQHC) and Rural Health Center (RHC) Prospective Payment System		Yes	Yes
Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) fee schedule	Yes		Yes
Clinical Laboratory fee schedule	Yes		Yes
Physician Administered Drug fee schedule	Yes		Yes
Home Health (skilled nursing) fee schedule	Yes		Yes
Hospice fee schedule		Yes	Yes
Ambulance fee schedule	Yes		Not Yet
Anesthesia fee schedule	Yes		Not Yet
Dental fee schedule			Not Yet
Assistive Community Care Services (ACCS) rates			Not Yet
Applied Behavior Analysis (ABA) rates			Not Yet

Act 167 of 2022 & Medicaid Primary Care Rates



Sec. 10. MEDICAID REIMBURSEMENT RATES; PRIMARY CARE AT 100 PERCENT OF MEDICARE FISCAL YEAR 2024

It is the intent of the General Assembly that Vermont’s health care system should reimburse all Medicaid participating providers at rates that are equal to 100 percent of the Medicare rates for the services provided, with first priority for primary care providers. In support of this goal, in its fiscal year 2024 budget proposal, the Department of Vermont Health Access shall either provide reimbursement rates for Medicaid participating providers for primary care services at rates that are equal to 100 percent of the Medicare rates for the services or, in accordance with 32 V.S.A. § 307(d)(6), provide information on the additional amounts that would be necessary to achieve full reimbursement parity for primary care services with the Medicare rates.

Calendar Year	2018	2019	2020	2021	2022	2023
Medicare Conversion Factor	\$ 35.89	\$ 35.99	\$ 36.04	\$ 36.09	\$ 34.60	\$ 33.89
% change from prior year		0%	0%	0%	-4%	-2%
Medicaid Primary Care Conversion Factor	\$ 35.89	\$ 35.99	\$ 36.04	\$ 36.09	\$ 34.60	\$ 33.89*
% of Medicare	100%	100%	100%	100%	100%	100%
Medicaid Standard Conversion Factor	\$ 28.71	\$ 28.71	\$ 29.71	\$ 29.71	\$ 28.54	\$ 28.30*
% of Medicare	80%	80%	82%	82%	82%	83.5%

*values used for calculating SFY 2024 Medicaid rate update figure; not yet implemented

Medicaid Rates as Percentage of Medicare Rates

Medicaid Methodology (DVHA Budget)	SFY '23 % of Medicare	SFY '24 % of Medicare	Update contemplated in DVHA's SFY '24 Budget
Resource-Based Relative Value Scale (RBRVS) fee schedule <i>for professional services</i>	100% for Primary Care 82% for all other	100% for Primary Care 83.5% for all other	Yes
Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) fee schedule	100%	98%	Yes
Physician Administered Drug fee schedule	97% (100% for COVID codes)	97% (100% for COVID codes)	Yes
Home Health (skilled nursing) fee schedule	81%	82%	Yes
Clinical Laboratory fee schedule	98%	TBD	No
Ambulance fee schedule	76%	70%	No
Anesthesia fee schedule	86.5%	88.5%	No

Annual Medicaid Rate Adjustments

Fee Schedule	Annual Fiscal Impact (gross, rounded)	Notes
Resource-Based Relative Value Scale (RBRVS) fee schedule <i>for professional services</i>	(\$380,000)	Keeps 100% of Medicare for primary care; increases to 83.5% for other services (currently 100%; 82%)
Hospital Outpatient Prospective Payment System	(\$297,000)	Keeps hospital peer group percentages the same
Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) fee schedule	\$256,000	Reduces to 98% of Medicare (currently 100%)
Physician Administered Drug fee schedule	\$24,000	Keeps 100% for COVID codes; keeps 97% of Medicare for everything else
Home Health (DVHA-paid State Plan services)	\$397,000	Increases to 82% of Medicare (currently 81%)
Federally Qualified Health Center (FQHC) and Rural Health Center (RHC) Prospective Payment System	\$864,000	2.1% Medicare Economic Index adjustment
Hospice	\$50,000	Matching federally-mandated “floor” for Medicaid payments
	\$914,000	

Methodologies not included (no increase or decrease):

- Hospital Inpatient Prospective Payment System (updated every four years; next scheduled 10/2024)
- Clinical Laboratory fee schedule (last updated 2022)
- Ambulance fee schedule (last updated 2019 for ground services, 2008 for air services)
- Anesthesia fee schedule (last updated 2012)
- Assistive Community Care Services rates (topic of [rate study](#), last updated 2022)
- Applied Behavior Analysis (ABA) rates (last updated 2019)

Appendix: Professional fee schedule by service

	Units of Service	Repriced (Allowed Amount)	Change CY2022 to CY2023	
TOTAL	1,799,590	\$117,618,039	-\$380,551	-0.32%
E&M Codes EPCP Provider	224,060	17,768,829	-\$21,831	-0.12%
E&M Codes Non-EPCP Provider	445,195	35,705,363	\$220,473	0.62%
OB-GYN	2,729	3,428,989	-\$21,647	-0.63%
Mental Health	407,536	30,257,415	-\$432,802	-1.43%
Chiropractic	34,511	1,180,163	\$2,936	0.25%
Integumentary	15,437	1,572,207	-\$3,667	-0.23%
Musculoskeletal	14,413	2,745,449	-\$186	-0.01%
Respiratory	2,602	378,810	-\$1,759	-0.46%
Cardiovascular	2,848	564,729	-\$6,808	-1.21%
Digestive	9,272	1,949,228	-\$18,866	-0.97%
Urinary	2,476	313,819	-\$3,528	-1.12%
Genital Systems	6,182	999,909	-\$11,495	-1.15%
Delivery Services	3,049	95,741	\$831	0.87%
Endocrine and Nervous	5,754	940,969	\$281	0.03%
Eye and Ocular	3,652	539,513	\$124	0.02%
Radiology	162,540	5,070,911	-\$30,473	-0.60%
Pathology	29,287	886,661	-\$10,241	-1.16%
Medicine	417,526	12,978,805	-\$39,918	-0.31%
All Other	10,521	240,529	-\$1,975	-0.82%